

CONDENSED LICENSING RULES

Manufacturer of Gambling Equipment / Paraphernalia

WAC 230-02-225 MANUFACTURER'S REPRESENTATIVE DEFINED.

A "manufacturer's representative" is any natural person who represents a manufacturer in any one of the manufacturer's activities in connection with the sale or furnishing of equipment for use in authorized gambling activities, including but not limited to, punch boards and pull-tabs.

WAC 230-02-230 MANUFACTURER DEFINED. A "manufacturer" is any person who fabricates or assembles, from raw materials or subparts, a completed piece of equipment or pieces of equipment for use in authorized gambling activities, including but not limited to punch boards and pull-tabs and bingo equipment, and who sells or otherwise furnishes the same to any distributor, operator, or retail outlet.

The term shall include, but not be limited to, any person who converts, modifies, combines, adds to, or removes parts or a portion from any item, device, or assembly to further its promotion, sale, or use as a gambling device or gambling record in this state: *Provided*, That a person adding only promotional flares to punch boards or pull-tab series to advise the public of the prizes available, the rules of play, and the consideration required shall not be deemed a manufacturer.

The term "manufacturer" shall not include a licensed distributor or distributor's representative who services or repairs pull-tab dispensing devices or bingo equipment, so long as no addition to, or modification or alteration of, the device is made: *Provided*, That distributors may perform modifications provided by manufacturers to upgrade equipment to current technology or to remove and install general purpose equipment for trade-in purposes.

WAC 230-02-300 SUBSTANTIAL INTEREST HOLDER DEFINED. Substantial interest holder means a person who has actual or potential influence over the management or operation of any organization, association or other business entity. Evidence of substantial interest includes, but is not limited to, one or more of the following:

- (1) Directly or indirectly owning, operating, managing or controlling an entity or any part of an entity; or
- (2) Directly or indirectly profiting from or assuming liability for debts of the entity; or
- (3) Is an officer or director of the entity; or
- (4) Owning ten percent or more of any class of stock in a privately or closely held corporation, or five percent or more of any class of stock in a publicly traded corporation; or
- (5) Furnishing ten percent or more of the capital, whether in cash, goods, or services, for the operation of the business during any calendar year; or
- (6) Directly or indirectly receiving a salary, commission, royalties or other form of compensation from the gambling activity in which an entity is or seeks to be engaged.

WAC 230-04-010 CERTIFICATION PROCEDURE – APPLICATION FORMS. Each application for a license from the commission shall be submitted on the license application form approved by the commission. These application forms may be obtained from any office of the commission.

WAC 230-04-020 CERTIFICATION PROCEDURE – GENERAL REQUIREMENTS – MANDATORY TRAINING REQUIRED. Applicants for license from the commission shall submit all applications, including the proper fee, as established by WAC 230-04-202, 230-04-203 or 230-04-204 to the administrative office of the commission in Lacey. The application process is as follows:

(1) The application shall be made using a form provided by the commission. The application form must be completed in every respect, containing all the information and attachments requested;

(2) The application shall be signed under oath by an individual attesting that the information set forth in the application and any accompanying materials is true, accurate and complete and that they assume full responsibility for the fair and lawful operation of all licensed activities that the applicant conducts. The following person(s) shall sign the application:

- (a) The highest ranking officer/official of a charitable, nonprofit or profit seeking corporation;
 - (b) The principal owner of a sole proprietorship;
 - (c) All partners of a partnership or general partner of a limited partnership; and
 - (d) The mayor or the mayor's designated representative if the application is being submitted by or on behalf of an incorporated city or town.
- (e) The director may also require the following persons to sign the application:
- (i) The chairman of the board of directors or trustees;
 - (ii) The person in charge of financial records; and/or
 - (iii) Persons with a substantial interest in the applicant business or charitable/nonprofit organization.

(3) The commission will consider only those applications that have been fully completed. Failure to respond to written notification of an incomplete application, within twenty days of such notice, shall be cause for administrative closure of the application. The following reasons will cause an application to be incomplete:

- (a) Failure to provide all information requested on the application form and/or attachments;
 - (b) Failure to provide supplemental information requested during the licensing investigation;
 - (c) Failure to attend mandatory prelicensing training;
 - (d) Failure to provide fingerprints or samples of handwriting; and
 - (e) Failure to submit proper fees.
- (4) The commission may disclose to the public or discuss at a public meeting all information set forth in the application and all supplemental information submitted

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subject to the exemptions in chapter 42.17 RCW and other applicable laws including, but not limited to, chapter 10.97 RCW: *Provided*, That consistent with chapter 10.97 RCW, the commission may disclose conviction data of an applicant or licensee.

(5) The commission shall not issue a license until it is satisfied that the applicant is completely qualified to operate the activity for which a license is requested. Prior to issuing a license, the commission will:

(a) Conduct a review and investigation of all information available, whether submitted as a part of the application or otherwise obtained, to the degree deemed necessary to attest to the qualification of the applicant and the gambling premises; and

(b) Require all persons who sign the application, as set out in subsection (2) of this section, plus the manager or other designated person(s) responsible for conducting the gambling activity or completing records, to complete a training course as established and provided by the commission: *Provided*, That mandatory training shall not be required for manufacturers; manufacturers representatives; or applicants or licensees with special circumstances as approved by the director. Mandatory training shall be completed within the following time lines:

(i) New applicants – Within sixty days of application and prior to being granted a license: *Provided*, That cardroom employees and bingo managers must attend training no later than thirty days after the first day of work;

(ii) Annual recertification – no later than sixty days after the effective date of the license: *Provided*, That only those person(s), as set out in subsection (2) of this section, which are newly designated to sign the application since the last license application shall be required to attend training if they have not attended within the previous three years; and

(iii) Changes to managers or other designated persons responsible for conducting gambling activities or completing records – no later than sixty days after the first day of work.

WAC 230-04-022 CERTIFICATION PROCEDURE – INFORMATION REQUIRED FROM ALL APPLICANTS.

In addition to other information required by the commission, each applicant shall provide the following information on or attached to the application:

Articles of incorporation and bylaws.

(1) Copy of corporate applicants' articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization;

IRS tax exemption letter.

(2) A copy of a nonprofit or charitable applicant's Internal Revenue Service tax exemption letter if one has been obtained;

Lease or rental agreements.

(3) Details and copies of all lease or rental arrangements, whether oral or written, between the applicant and the owner of premises upon which the gambling activity will be conducted, if such premises are leased or rented;

Franchise agreements.

(4) Details and copies of any and all franchise agreements or other agreements, whether written or oral, if any, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person where those agreements relate to gambling activities or gambling equipment;

Management agreements.

(5) Details and copies of all proposed management agreements or contracts between the applicant and any gambling service supplier involved in providing services defined in WAC 230-02-205. All such agreements or contracts shall be reviewed by commission staff prior to the effective dates of the agreements to assure compliance with this title. No financing or management services shall be provided prior to commission approval of the contracts;

Paid employees or agents.

(6) The name, address, date of birth, and Social Security number of each paid employee or agent who will work in the activity for which the license is sought and a schedule of the proposed number of employees, job descriptions, and a proposed pay schedule;

Substantial interest holders.

(7) Sufficient personal information to ensure each substantial interest holder as defined by WAC 230-02-300 is qualified to hold a license or participate in a licensed or authorized gambling activity;

Report changes to application.

(8) If any information required on the application, changes or becomes inaccurate in any way, the commission shall be notified prior to issuance of a license. Failure to notify the commission of any changes affecting an application may constitute grounds for suspension or revocation of all licenses.

Exceptions for cities and towns.

(9) Subsections (1), (2), and (7) of this section shall not apply to applications by or on behalf of an incorporated city or town in the state of Washington.

WAC 230-04-030 COMMISSION MAY POST PUBLIC NOTICE OF LICENSE APPLICATION ON PREMISES.

The commission may, at its discretion, place, or require to be conspicuously placed, a notice upon each premises upon which a gambling activity is to be conducted under a license for which application has been made. The notice

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shall advise the public that such license has been requested and that any comments persons wish to make concerning the license application, or the propriety of granting such a license to the applicant(s), or for those premises, may be made to the commission prior to a date certain.

The applicant(s) shall take all reasonable measures to insure that the notice remains posted thereafter until the last day set forth thereon for making comment and shall report to the commission forthwith if said notice has been removed prior to that date.

WAC 230-04-110 LICENSING OF MANUFACTURERS.

Except as authorized by WAC 230-04-115, a license must be obtained from the commission prior to manufacturing, selling, or supplying gambling equipment to any person(s) within this state, or for use within this state. The following requirements apply to certification and licensing of manufacturers:

Information required on an application.

(1) The following information shall be submitted on an application form supplied by the commission:

- (a) The full name and address of the applicant;
- (b) The full name and address of each location where such devices are manufactured or stored;
- (c) The name, home address, and share of ownership of all owners of the manufacturing business if the business is not a corporation. If the business is a corporation, the name, address, and share of ownership of the officers, the directors, and substantial interest holders;
- (d) A full description of each separate type of gambling equipment or device that an applicant seeks to manufacture or to market in this state;
- (e) The brand name under which each type of gambling device or equipment is sold;
- (f) If the applicant is incorporated under laws other than the laws of Washington state, then the full name and business and home address of the resident agent designated by the applicant pursuant to WAC 230-12-300; and
- (g) A list of all distributors receiving gambling equipment and all businesses or organizations located within the state of Washington in which the applicant has any financial interest and the details of that financial interest. For the purpose of this subsection, the term financial interest shall include all arrangements through which a person directly or indirectly receives any portion of the profits of the licensed manufacturer and indebtedness between the licensee and any other person, other than a regulated financial institution, in excess of five thousand dollars.

Information to be included with an application.

(2) The following information shall be included as an attachment to the application form:

- (a) A list of all affiliated businesses or corporations in which the applicant, officers, directors, or substantial

interest holders of the applicant, either directly or indirectly, own or control:

- (i) As a sole proprietor;
- (ii) As a partner;
- (iii) More than fifty percent of the voting stock of a privately held or closed corporation; or
- (iv) At least five percent of the voting stock of a publicly traded corporation.
- (b) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which the applicant, officers, directors, or substantial interest holders of the applicant have any interest;
- (c) A list of all jurisdictions in which the applicant or any of the officers, directors, or substantial interest holders of the applicant have been licensed regarding gambling related activities at any level during the preceding ten years;
- (d) A statement regarding whether the applicant or officers, directors, or substantial interest holders have ever had a license for gambling-related activities denied, revoked, or suspended by any jurisdiction for a period longer than thirty days. All details of such must be provided as a part of the application; and
- (e) A statement acknowledging that all records related to the ownership or operation of the business shall be made available for review at the time and place requested by commission staff.

Additional information may be required from applicant.

(3) The following records shall also be available for inspection by commission staff:

- (a) Personal financial records of all substantial interest holders;
- (b) All records related to the scope of activity, including sales of product, purchases of raw materials and parts, and any contracts, franchises, patent agreements, etc., related to sales or purchases; and
- (c) Records related to any financial or management control of or by customers and suppliers.

Applicant to demonstrate ability to comply with rules.

(4) An applicant must demonstrate the ability to comply with all manufacturing, quality control, and operational restrictions imposed on authorized gambling equipment, patented or otherwise restricted gaming schemes (also referred to as proprietary games), or equipment that it seeks to manufacture or market for use within the state of Washington. The licensing process shall include an on-site review of the applicant's manufacturing equipment and process for each separate type of authorized gambling device, equipment, or scheme to ensure capability to comply with all regulatory requirements of this title and state/tribal compacts;

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Notifying commission staff of changes on an application.

(5) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form, including changes that occur after the license has been issued; and

Applicant to comply with all laws and rules.

(6) The applicant shall comply with all applicable laws of the United States and the state of Washington and all applicable rules of this commission.

WAC 230-04-115 LICENSING OF MANUFACTURERS – EXCEPTION – SPECIAL SALES PERMIT. The director may grant a special sales permit authorizing a manufacturer to sell to a licensee or a tribal government, on a limited basis, authorized gambling equipment, patented or otherwise restricted gaming scheme, or paraphernalia.

Criteria for a special sales permit.

(1) A special sales permit may be issued when demand for a particular type of equipment, scheme, or paraphernalia is anticipated to be below the level of economic feasibility of obtaining a license.

Information required on an application.

(2) The following information shall be submitted on an application form supplied by the commission:

- (a) Description of product(s), including trade name(s);
- (b) Anticipated scope of sales, in quantity and dollar value;
- (c) The name and address of the licensee(s) that will broker the equipment;
- (d) All information necessary to determine the qualification of the manufacturer; and
- (e) A list of all jurisdictions in which the applicant business or any of the officers, directors, or substantial interest holders is currently licensed to conduct business related to gambling.

Initial investigation by staff.

(3) Upon receipt of all moneys requested by the commission, a limited investigation shall be initiated, the scope of which shall be established using the following criterion:

- (a) Anticipated demand for such equipment;
- (b) The nature of the equipment, including other sources of such equipment;
- (c) The availability of information from appropriate sources to verify the qualification of such manufacturer;
- (d) Annual sales compared to the anticipated cost of a comprehensive licensing investigation;
- (e) Whether the equipment, after installation, will require an ongoing relationship with the manufacturer;
- (f) Security issues related to the manufacturing, installation, and ongoing service of the equipment; and
- (g) Other factors deemed relevant.

Requirements not met for a special sales permit.

(4) At any time during the investigation process, the director may determine that a license is required under WAC 230-04-110. Upon notification of such, the applicant may withdraw their permit application without prejudice. If the applicant elects to proceed with an application for a manufacturer's license, all fees will be credited toward the appropriate license fee.

Duration of a special sales permit.

(5) A special sales permit shall be valid for a period of one year from the date of issuance: Provided, That the director may void a permit upon written notice and require a license be obtained under WAC 230-04-110 prior to further sales.

Fee for a special sales permit.

(6) The fee for a special sales permit shall be as set forth in WAC 230-04-203.

WAC 230-04-124 LICENSING OF MANUFACTURER, DISTRIBUTOR, GAMBLING SERVICE SUPPLIER, AND LINKED BINGO PRIZE PROVIDER REPRESENTATIVES – EXCEPTIONS. Except as allowed by this section, all individuals representing or acting as an agent of a licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall be licensed by the commission prior to selling, promoting or providing any person gambling equipment, paraphernalia or related services. This includes individuals that manage or supervise individuals selling, promoting, or providing products or services for which a license is required. A licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall not allow an unlicensed person to represent them in transactions restricted by this section and shall take all measures necessary to prevent an unlicensed person from doing so. The following restrictions, procedures and exceptions apply to representative licenses:

Exceptions - representative license not required.

(1) The following individuals do not require a separate representative's license:

- (a) A sole owner, partner, major officer or board member and/or owner of a substantial interest in an entity;
- (b) Office, clerical or warehouse personnel who have contact with customers or potential customers only by telephone at the manufacturer's, distributor's, gambling service supplier's, or linked bingo prize provider's own premises when working under the immediate and direct supervision of an owner, partner, major officer, or a licensed manager or supervisor; and
- (c) Resident agents required by WAC 230-12-300 when such agents are not involved in selling or providing products or services for which a license is required.

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Signature of employer required.

(2) The manufacturer, distributor, gambling service supplier, or linked bingo prize provider for which the representative will work shall sign the application acknowledging that the applicant will be representing them with their full knowledge and consent.

Requirements.

(3) An applicant for a license as a distributor representative, gambling service supplier representative, or linked bingo prize provider representative shall:

Training.

(a) Complete a training course for any activity being managed, as required and provided by the commission within thirty days after the first day worked; and

Represent only one employer at a time - exceptions.

(b) Represent only one licensed manufacturer, distributor, gambling service supplier, or linked bingo prize provider at a time and shall not represent a manufacturer: Provided, That this rule shall not prevent a licensed representative from representing a manufacturer, distributor, and/or linked bingo prize provider when all businesses are owned by the same person: Provided further, That this rule shall not bar the distributor's representative from representing his own distributor who is also licensed as a manufacturer.

Conflict of interest.

(4) If a licensed gambling service supplier representative has any interest in a licensed manufacturer or distributor and they provide services to any punch board, pull-tab, or bingo operator, they shall inform the commission, the operator, and the manufacturer or distributor of the relationship. Such manufacturer or distributor shall be prohibited from selling punch boards, pull-tabs, or disposable bingo cards to such operator.

WAC 230-04-210 WITHDRAWAL OF APPLICATION.

An application for any license may be withdrawn by the applicant by submitting to the commission a written notice of withdrawal of the application. To be effective, such written notices must be actually received in the office of the commission in Olympia by 5:00 p.m. the day prior to issuance or denial of the license by the commission or its delegate.

The fact that an application for a license has previously been withdrawn shall not prejudice any future application for a license from the commission.

WAC 230-04-220 PRORATING AND REFUNDING OF FEES. (1) Unless otherwise provided by law, there will be no prorating or refunding of any license fee subsequent to issuance of a license or permit for the following actions:

- (a) Discontinuation of business;
- (b) Voluntary surrender of a license or permit; and

(c) When a license or permit has been suspended, revoked, or otherwise canceled.

(2) Upon denial, voluntary withdrawal or administrative closure of an application for license, adoption or change of trade name, or change of location, the commission shall retain that portion of the fee tendered therewith as is necessary to offset its costs of processing and investigating the application: Provided, That the commission shall retain the entire fee when an individual license applicant performs any or all portions of the duties for which a permanent license is sought.

WAC 230-04-230 INTENTIONALLY UNDERSTATING ANTICIPATED REVENUE – PROHIBITED. It shall constitute grounds for revocation or suspension of a license if any applicant intentionally understates the anticipated gross or net receipts from a licensed activity for any purpose.

WAC 230-04-240 SPECIAL INVESTIGATION FEE.

In addition to the basic license or permit fees, the commission may require payment of such additional license fees as are necessary to defray the costs of background investigations of applicants for whom adequate background information sources are not readily available, including, but not limited to, applicants who have not resided in the state of Washington for at least one year. The commission may require payment of the estimated additional license fee in advance as a condition precedent to beginning the investigation.

The commission shall notify the applicant as soon as possible after it makes the determination that such additional fee is necessary and shall further notify the applicant of the commission's best estimate of what such additional license fee will be: *Provided*, That such estimate shall not be binding upon the commission. Any applicant may then withdraw his application if he so chooses, as provided under WAC 230-04-210 and 230-04-220.

WAC 230-04-400 DENIAL, SUSPENSION OR REVOCATION OF LICENSES. The commission may deny a license or permit to any applicant, or may suspend or revoke any and all licenses or permits of any holder, when the applicant or holder, or any other person with any interest in the applicant or holder:

(1) Commits any act that constitutes grounds under RCW 9.46.075 for denying, suspending, or revoking licenses or permits;

(2) Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, any form of criminal assault, any crime involving a threat of physical harm against another person, or any crime involving an intention to inflict physical harm on another person, whether any of these crimes is a misdemeanor or felony;

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level. This includes, but is not limited to, failure to make required

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gambling tax payments to local taxing authorities, as supported by a petition submitted by the local taxing authority;

(4) Is serving a period of probation or community supervision imposed as a sentence for any criminal offense, whether juvenile, misdemeanor, or felony, and whether or not the offense is covered under RCW 9.46.075(4): *Provided*, That each case will be individually analyzed to determine the extent to which the probationary or supervisory status affects the person's qualifications to hold a license or permit;

(5) Is the subject of an outstanding gross misdemeanor or felony arrest warrant;

(6) Poses a threat to the effective regulation of gaming or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gaming activities, as demonstrated through the person's prior activities, criminal record, reputation, habits, or associations;

(7) When other than a charitable or nonprofit organization operates punch boards or pull-tabs, or operates or allows card games at any time other than as a commercial stimulant;

(8) Fails to provide at the office of the commission any information required under the commission's rules within the time required therefor by applicable rule, or if no maximum time has been established respecting the particular kind of information by other rule then within thirty days after receiving a written request therefor from the commission or its staff;

(9) Allows any person to participate in the management or operation of any activity regulated by the commission without prior written approval of the commission or its director when that person:

(a) Has been convicted of, pleaded guilty to, or forfeited bond upon any of the offenses set out in RCW 9.46.075(4);

(b) Has violated any other provisions of chapter 9.46 RCW or Title 230 WAC; or

(c) Would otherwise be subject to denial or revocation under the provisions of this section.

(10) If a supplier, manufacturer, financier, or management company knowingly provides or provided goods or services to an entity that is illegally operating gambling activities or was illegally operating gambling activities at the time such goods or services were provided; and

(11) Commits any other act that the commission determines constitutes a sufficient reason in the public interest for denying, suspending, or revoking licenses or permits.

WAC 230-04-450 DISPLAY OF LICENSES. All licenses or permits granted by the commission shall be prominently displayed in the licensee's gaming area and available for inspection by commission staff, law enforcement agents and the public at all times: *Provided*, That individual licenses, as set forth in WAC 230-04-204,

shall not be required to be on display but must be available to the public upon request.

WAC 230-04-500 LOCAL GAMBLING PROHIBITIONS.

The commission shall issue no license to engage in any gambling activity in a county or city after the commission has been adequately notified in writing by the governing body of such county or city that the activity has been prohibited.

WAC 230-12-210 PRICES CHARGED BY MANUFACTURERS, DISTRIBUTORS AND OPERATORS FOR GOODS AND SERVICES NOT TO BE FIXED BY AGREEMENT.

No manufacturer, distributor or operator shall by agreement, either express or otherwise, with any other manufacturer, distributor or operator, fix the price at which any device, paraphernalia, machine, equipment, punch board or pull-tab, prize or any other item used in connection with any of the activities authorized by chapter 9.46 RCW, as now or hereafter amended, shall be sold, or for which services in connection therewith shall be rendered. The price of these items in the competitive market place shall be established by each manufacturer, distributor or operator for the products and services offered by each and shall not be established, directly or indirectly, in concert with one another.

WAC 230-12-300 RESIDENT AGENT TO BE APPOINTED BY OUT-OF-STATE LICENSEES.

(1) All licensees that do not own or otherwise maintain a business office or licensed premises within Washington state shall appoint a resident agent for the purpose of receipt and acceptance of service of process and other communications on their behalf from the commission.

(2) The resident agent shall be a natural person who is a resident and living in the state of Washington and who is eighteen years of age or older.

(3) The name and business address where service of process and delivery of mail can be made, and home address of such designated resident agent shall be filed with the commission.

WAC 230-12-305 LICENSEE REQUIRED TO SUBMIT UPDATED DOCUMENTS OR INFORMATION.

In addition to any other requirements set forth in these rules, persons licensed by the commission shall submit any new or updated documents or information including, but not limited to, the following:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

(3) All contracts and agreements, whether oral or written which relate to gambling activities or alter the organizational structure of the licensee or its business activities in Washington state; and

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(4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

(5) The new or updated documents and/or information shall be submitted to the commission by notation on the next quarterly activity report filed, and by attaching all details concerning each transaction: Provided, That licensees not required to submit quarterly activity reports shall submit the required information no later than sixty days following the transaction(s) date.

WAC 230-12-310 LICENSEES TO REPORT TO THE COMMISSION CIVIL, CRIMINAL AND ADMINISTRATIVE ACTIONS FILED AGAINST THEM.

(1) Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairman of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be attached with the next quarterly activity report filed with the commission. Organizations not required to submit quarterly activity reports shall send the report to the commission within thirty days after the final disposition.

(2) Each licensee shall report to the commission civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. This report shall be attached to the next quarterly activity report filed with the commission. Organizations not required to submit quarterly reports shall send the report to the commission within thirty days of their receipt of notice of the action filed and within thirty days after the final disposition.

(3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) The director may exempt reporting specific types of civil actions upon written request and for good cause shown.

WAC 230-30-090 ALL DEVICES MUST COMPLY WITH RULES. No operator shall display or put out for play, and no distributor or manufacturer or their representatives shall sell or otherwise furnish, any punch board, series of pull-tabs, or device for the dispensing of pull-tabs unless such punch boards, pull-tabs or devices

for the dispensing of pull-tabs conform to all requirements of this state's laws and the rules of this commission, as they now exist or are hereafter amended.

WAC 230-30-210 SALES RESTRICTIONS. (1) No manufacturer, distributor or distributor's representative, shall sell or otherwise make available to any person any punch boards, pull-tabs, pull-tab dispensing devices or related equipment in this state unless it has first determined that such person has a valid license issued by the commission to sell or otherwise distribute such equipment within this state, or to operate such activity on a particular premise within this state.

(2) No operator, distributor or distributor's representative, shall purchase or otherwise obtain from any person any punch board, pull-tab, device for the dispensing of pull-tabs or related equipment in this state until it has first determined that the person selling or otherwise offering such equipment has a valid license issued by the commission to sell the equipment in this state or has been registered with the commission as required.

(3) No operator shall put out for play and no distributor shall sell or otherwise furnish, any punch board or series of pull-tabs unless the manufacturer of punch boards or series of pull-tabs has been licensed by the commission.

(4) No manufacturer or distributor or representative thereof shall use as a sales promotion any statement, demonstration, or implication that any certain portion of a series of pull-tabs contains more winners than other portions of the series or that any series of pull-tabs may be sold by the operator in a particular manner that would give the operator any advantage in selling more of the pull-tabs before having to pay out winners.

(5) Manufacturers shall not offer for sale in Washington any punch board or pull-tab series in which the winning punches or pull-tabs are not randomly distributed and mixed among all other punches or pull-tabs in that board or series.

(6) This rule shall not prohibit licensed distributors from selling to Indian tribes operating Class II activities which are legal under federal law.

WAC 230-30-220 INTEREST IN SEPARATE BUSINESS INVOLVING PUNCH BOARDS AND PULL-TABS AT A DIFFERENT MARKETING LEVEL PROHIBITED. No manufacturer, distributor or operator of punch boards, pull-tabs, pull-tab dispensing devices or related equipment shall:

(1) Have any interest, directly or indirectly, in any other of these businesses operating in whole or in part at a different marketing level;

(2) Allow any of its officers, or any other person with a substantial interest in such business, to have any interest in any other of these businesses operating in whole or in part at a different marketing level;

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(3) Shall employ any person in any capacity or allow any person to represent the business in any way if such person is also employed by, or represents any other of these businesses operating in whole or in part at a different marketing level;

(4) Shall allow any other of these businesses operating in whole or in part at a different marketing level, or any person with a substantial interest therein to have any interest directly or indirectly, in it;

(5) Have any interest, directly or indirectly, in any business of any kind in which any other of these businesses operating in whole or in part at a different marketing level, or any person having a substantial interest therein, also has a substantial interest;

(6) Allow any other business of any kind in which any other of these businesses, or any person having a substantial interest therein, to have any interest, directly or indirectly, in it;

(7) For the purposes of this rule, the different marketing levels shall be:

- (a) Operator;
- (b) Distributor;
- (c) Manufacturer;

(8) This rule shall not prohibit the same person licensed and operating as a manufacturer from being also licensed and operating as a distributor.

WAC 230-30-225 EXCEPTION TO PROHIBITION OF HOLDING AN INTEREST IN SEPARATE PUNCH BOARD OR PULL-TAB BUSINESSES AT DIFFERENT MARKETING LEVELS.

(1) Except as otherwise provided in WAC 230-30-220, the spouse of an individual who is a holder of a substantial interest in a business involved in punch boards or pull-tabs may not be considered a substantial interest holder in such business if, after considering the entire circumstances surrounding the relationship and business, the director finds the potential for involvement or influence in the business by the spouse is not material. A spouse may be required to submit one or more of the following documents to the director for determining whether involvement or influence is material:

- (a) Community or marital property agreements;
- (b) Separate property agreements;
- (c) Prenuptial agreements; or
- (d) Wills and codicils.

(2) When spouses are involved in both the operation of and/or the supply of punch boards and pull-tabs, the director may impose additional requirements on either licensee, including, but not limited to, prohibiting a manufacturer or distributor from making sales or providing services to an operator.